

Organization of public housing tenant groups. An organization comprised of public housing tenant groups in a state and formed to promote the rights and welfare of public housing tenants by providing them with information and technical assistance regarding regulations and laws concerning public housing and acting as the state recognized agent for public housing tenant organizations qualifies for exemption as operated exclusively for charitable purposes.

Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable purposes.

The organization was formed to advance the rights and welfare of public housing tenants by promoting public housing tenant organizations, providing tenants with information and technical assistance regarding existing regulations and laws concerning public housing, and acting as recognized agent for public housing tenant organizations before the state public housing agency. Membership is open to tenant organizations from any local, state, or Federal public housing project in the state. Each affiliate tenant organization designates two delegates and two alternates to the organization's conventions. The convention delegates elect the policy board and establish the organization's position and objectives.

The tenants residing in housing projects in the state are families whose income is too low for them otherwise to obtain decent, safe, and sanitary housing.

The organization's activities are directed at strengthening the public housing tenant organizations which advise tenants of their rights and responsibilities under state and Federal housing laws. To keep the tenant organizations abreast of current developments in public housing, the organization publishes a monthly newsletter and informational booklets on recent developments affecting tenants in public housing projects. Thus, the tenant organizations are advised of current legislation in such areas as substandard housing and public housing modernization programs, rental increases and subsidies, and leases and lease grievance procedures. All information is distributed free to any public housing tenant. The organization also assists in the formation of new local organizations and sends representatives to furnish technical advice and assistance to these organizations on matters concerning public housing tenants.

By keeping the local tenant groups in public housing projects fully informed, the organization anticipates that such groups will be able to independently conduct negotiations and resolve grievances with local housing authorities. Where problems exist on a state-wide basis, the organization holds meeting with state

and Federal housing agencies to negotiate solutions. From one such effort, a model lease agreement for public housing projects was developed with the Department of Housing and Urban Development. The organization does not organize or support any rent strikes, or seek to influence legislation. The services of the organization are made available to any public housing organization without charge. Income to conduct these activities is derived from state and Federal grants.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable and educational purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations defines the term 'charitable' to include relief of the poor and distressed or of the underprivileged.

By providing information and technical assistance to local tenant groups in public housing projects regarding the rights and responsibilities of tenants and the effect of existing laws and regulations concerning public housing, and by representing such groups before state and Federal housing authorities, the organization is aiding individuals whose income is too low for them to obtain decent, safe, and sanitary housing. Such activities can be expected to result in improved living conditions, fair rental and lease agreements, and more knowledgeable tenants. The cumulative effect of the organization's activities is the relief of the poor and distressed within the meaning of section 1.501(c)(3)-1(d)(2) of such regulations. Accordingly, it is operated exclusively for charitable purposes and qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.